

28 January 2021
Australian Securities Exchange (ASX) Announcement

Sensera Quarterly Update and Appendix 4C

HIGHLIGHTS:

- **FQ2 cash receipts of US\$960k with revenue of US\$690k**
- **IOT Solutions divestiture closed for US\$8.7m; FQ2 results MicroDevices only**
- **Elimination of debt impacts FQ2 with one time charges but improved operational performance moving forward**

Sensera Limited (Company) (ASX:SE1) is providing Appendix 4C for the second quarter of the financial year 2021 (FY21). Post the IOT Solutions sale closure in early October the significantly reduced organization achieved quarterly revenue of US\$690k with cash receipts of \$960k.

As previously forecasted the company revenue and receipts were below the US\$1m threshold due to some expected and a number of unexpected events. The fabrication facility experienced a week-long shut down in December due to mismanagement of the switchover to a solar power source by the building lessor. This has now been resolved and the fab was back operating at full capacity by early January. Also impacting production in December was the contraction of COVID-19 by some of the employees. Safety precautions had to be undertaken with all employees to bring the fab back to full operating status. The group quickly reacted and procedurally reinstated a safe work environment that was fully functional in days. These two events impacted production output in the second half of December.

The company's largest existing volume customer, Abiomed, reduced its sensor demand due to product issues that started in November. These mechanical issues have been mitigated and full production is expected to commence in February. This will have a negative impact on revenues for FQ3 but is expected to be back to the previous level in FQ4.

The customer for the SARS-CoV-2 detection sensor which has been discussed by the Company previously can now be disclosed as NanoDiagnostics Incorporated ([NanoDX](#)). The two companies have been in partnership for more than eighteen months having initially collaborated on a Traumatic Brain Injury (TBI) sensor using a patented nanosensor technology platform to detect the presence of biomarker proteins in the blood. This was awarded a breakthrough devices designation by the Food and Drug Administration (FDA) and is the same platform and sensor used for the SARS-CoV-2 solution.

The Emergency Use Authorization (EUA) submission to the FDA was delayed due to some issues in the final cartridge assembly. These issues are being addressed and submission will occur once NanoDX is fully satisfied with the end product. There is a risk that NanoDX may not satisfy the FDA's requirements for an EUA and/or the evaluation of NanoDX's EUA submission may take longer than expected. Sensera has secured a manufacturing agreement predicated on FDA approval, which will be fully disclosed in the event that NanoDX receives the approval. Sensera management still expects to ramp this product into material production levels.

The company has also progressed the continuous glucose monitor project to a point where volume ramp is expected to start in the current quarter. This is the next customer in the pipeline to drive material revenue with a total opportunity size of US\$4m.

Sensera is still waiting to obtain the disposition of the PPP loan and remains confident the government's eventual acceptance of the forgiveness application as the applicable costs submitted exceeded the loan amount. The company has submitted for an additional PPP loan and expects to get confirmation of this by March.

The cash flow shown in the 4C depicts customer receipts as being up for the MicroDevices business to US\$960k. The quarter included closing costs due to the transaction of US\$177k (shown under staff costs) and accelerated interest payments of US\$394k which will not be repeated moving forward.

The transaction to sell IOT Solutions officially closed on October 6th. On this date the Company ended with US\$1.3m in cash after the elimination of the outstanding debt on the balance sheet. The repayment of debt will eliminate over \$US600K of interest per annum moving forward.

The company notes that payments to related parties during the quarter include principal and interest payments upon the retirement of debt provided by a director related entity. These items are disclosed in section 6 of the Appendix 4C.

As disclosed in our last report, the FQ2 4C returned lower receipts and costs that are reflective of the single operational entity of MicroDevices. The Company did lower corporate costs and implemented further reductions in FQ2. Finance organization simplification and reduced vendor agreements will impact the business positively moving forward. There were also temporary in-quarter cost reductions which helped the bottom-line results come in better than planned.

Management believes that it has made meaningful progress in building out a MEMS based sensor business that will be sustainable by simplifying and focusing the business while reducing costs. In what has clearly been a difficult market environment during COVID-19, the Company has also moved multiple customers and opportunities forward to lay the foundation for the balance of FY21 and into FY22.

This announcement was authorised for release by the Board of Directors.

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About Sensera Limited (ASX: SE1):

Sensera Limited is an Internet of Things (IoT) sensor solution provider. The Company designs and manufactures MicroElectroMechanical Systems (MEMS) and sensors for applications that improve the way things are done.

Shares in Sensera Limited (ASX: SE1) are traded on the Australian Securities Exchange (ASX). For more information, please visit our website: www.sensera.com.

Any forward-looking statements in this announcement are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Sensera Limited

ABN

73 613 509 041

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$U.S'000	Year to date (6 months) \$U.S'000
1. Cash flows from operating activities		
1.1 Receipts from customers	961	3000
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(506)	(1,954)
(c) advertising and marketing	(154)	(381)
(d) leased assets	(38)	(290)
(e) staff costs	(746)	(1,319)
(f) administration and corporate costs	(260)	(429)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(394)	(563)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	43
1.8 Other (provide details if material)	-	(304)
1.9 Net cash from / (used in) operating activities	(1,137)	(2,197)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(25)	(25)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$U.S'000	Year to date (6 months) \$U.S'000
2.2	Proceeds from disposal of:		
	(a) entities	7,786	7,786
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (transaction costs)	(125)	(125)
2.6	Net cash from / (used in) investing activities	7,636	7,636

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(5,745)	(5,745)
3.7	Transaction costs related to loans and borrowings	(10)	(10)
3.8	Dividends paid	-	-
3.9	Other (finance lease repayments)	(288)	(288)
3.10	Net cash from / (used in) financing activities	(6,043)	(6,043)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	347	1,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,137)	(2,197)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7,636	7,636

Consolidated statement of cash flows		Current quarter \$U.S'000	Year to date (6 months) \$U.S'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6,043)	(6,043)
4.5	Effect of movement in exchange rates on cash held	16	28
4.6	Cash and cash equivalents at end of period	820	820

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$U.S'000	Previous quarter \$U.S'000
5.1	Bank balances	820	316
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	31
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	820	347

6.	Payments to related parties of the entity and their associates	Current quarter \$U.S'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	86
6.2	Aggregate amount of payments to related parties and their associates included in item 2 and 3	650
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>The amount at 6.1 includes the payment of directors' fees and emoluments excluding reimbursement for administrative expenses and travel expenses. The amount also includes interest payments to a director related entity upon retirement of related party borrowings.</p> <p>The amount at 6.2 relates principal repayments to a director related entity upon retirement of related party borrowings. The amount is included in the total repayment of borrowings disclosed at item 3.6.</p>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$U.S'000	Amount drawn at quarter end \$U.S'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$U.S'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,137)
8.2 Cash and cash equivalents at quarter end (item 4.6)	820
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	820
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3/4
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: At the beginning of the 2 nd Quarter, the sale of the IOTS business unit was completed, and outstanding debt was paid off. The elimination of debt payments has changed the cash flow requirements of the business coupled with a consolidation of functions and processes leaves a cash balance that is sufficient for the next 2 quarters.	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: The business unit has experienced certain one-off expenses related to the sale of the IOTS business unit. These expenses will not be experienced again, and management believes with the elimination of debt and the reduction of other operating expenditures that it has the necessary cash for more than the next two quarters.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The company expects to continue growing its operations and business due to customer commits. The following two quarters are expected to improve operationally, and the business unit is forecasted to grow on an annualized basis.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:January 28, 2021.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.